

REFERENCE TITLE: **property tax transparency**

State of Arizona  
Senate  
Forty-ninth Legislature  
First Regular Session  
2009

# **SB 1422**

Introduced by  
Senator Waring

## **AN ACT**

AMENDING SECTIONS 15-393 AND 15-971, ARIZONA REVISED STATUTES; REPEALING SECTION 15-994, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-995, 35-454, 35-455, 35-473.01, 37-521, 41-1276, 42-17001, 42-17003, 42-17004, 42-17005, 42-17051, 42-17052, 42-17054, 42-17055, 42-17151 AND 48-807, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 48-808; AMENDING SECTIONS 48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01 AND 48-5805, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX LEVIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-393, Arizona Revised Statutes, is amended to  
3 read:

4 15-393. Joint technological education district governing board:  
5 report: definition

6 A. The management and control of the joint district are vested in the  
7 joint technological education district governing board, including the content  
8 and quality of the courses offered by the district, the quality of teachers  
9 who provide instruction on behalf of the district, the salaries of teachers  
10 who provide instruction on behalf of the district and the reimbursement of  
11 other entities for the facilities used by the district. Unless the governing  
12 boards of the school districts participating in the formation of the joint  
13 district vote to implement an alternative election system as provided in  
14 subsection B of this section, the joint board shall consist of five members  
15 elected from five single member districts formed within the joint district.  
16 The single member district election system shall be submitted as part of the  
17 plan for the joint district pursuant to section 15-392 and shall be  
18 established in the plan as follows:

19 1. The governing boards of the school districts participating in the  
20 formation of the joint district shall define the boundaries of the single  
21 member districts so that the single member districts are as nearly equal in  
22 population as is practicable, except that if the joint district lies in part  
23 in each of two or more counties, at least one single member district may be  
24 entirely within each of the counties comprising the joint district if this  
25 district design is consistent with the obligation to equalize the population  
26 among single member districts.

27 2. The boundaries of each single member district shall follow election  
28 precinct boundary lines, as far as practicable, in order to avoid further  
29 segmentation of the precincts.

30 3. A person who is a registered voter of this state and who is a  
31 resident of the single member district is eligible for election to the office  
32 of joint board member from the single member district. The terms of office  
33 of the members of the joint board shall be as prescribed in section 15-427,  
34 subsection B. An employee of a joint technological education district or the  
35 spouse of an employee shall not hold membership on a governing board of a  
36 joint technological education district by which the employee is employed. A  
37 member of one school district governing board or joint technological  
38 education district governing board is ineligible to be a candidate for  
39 nomination or election to or serve simultaneously as a member of any other  
40 governing board, except that a member of a governing board may be a candidate  
41 for nomination or election for any other governing board if the member is  
42 serving in the last year of a term of office. A member of a governing board  
43 shall resign the member's seat on the governing board before becoming a  
44 candidate for nomination or election to the governing board of any other

1 school district or joint technological education district, unless the member  
2 of the governing board is serving in the last year of a term of office.

3 4. Nominating petitions shall be signed by the number of qualified  
4 electors of the single member district as provided in section 16-322.

5 B. The governing boards of the school districts participating in the  
6 formation of the joint district may vote to implement any other alternative  
7 election system for the election of joint district board members. If an  
8 alternative election system is selected, it shall be submitted as part of the  
9 plan for the joint district pursuant to section 15-392, and the  
10 implementation of the system shall be as approved by the United States  
11 justice department.

12 C. The joint technological education district shall be subject to the  
13 following provisions of this title:

- 14 1. Chapter 1, articles 1 through 6.
- 15 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 16 3. Articles 2, 3 and 5 of this chapter.
- 17 4. Section 15-361.
- 18 5. Chapter 4, articles 1, 2 and 5.
- 19 6. Chapter 5, articles 1, 2 and 3.
- 20 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729  
21 and 15-730.
- 22 8. Chapter 7, article 5.
- 23 9. Chapter 8, articles 1, 3 and 4.
- 24 10. Sections 15-828 and 15-829.
- 25 11. Chapter 9, article 1, article 6, except for section 15-995, and  
26 article 7.
- 27 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
- 28 13. Sections 15-1101 and 15-1104.
- 29 14. Chapter 10, articles 2, 3, 4 and 8.

30 D. Notwithstanding subsection C of this section, the following apply  
31 to a joint technological education district:

32 1. A joint district may issue bonds for the purposes specified in  
33 section 15-1021 and in chapter 4, article 5 of this title to an amount in the  
34 aggregate, including the existing indebtedness, not exceeding one per cent of  
35 the taxable property used for secondary tax purposes, as determined pursuant  
36 to title 42, chapter 15, article 1, within the joint technological education  
37 district as ascertained by the last property tax assessment previous to  
38 issuing the bonds.

39 2. The number of governing board members for a joint district shall be  
40 as prescribed in subsection A of this section.

41 3. If a career and technical education and vocational education course  
42 or program provided pursuant to this article is provided in a facility owned  
43 or operated by a school district in which a pupil is enrolled, including  
44 satellite courses, the sum of the daily attendance, as provided in section  
45 15-901, subsection A, paragraph 6, for that pupil in both the school district

1 and joint technological education district shall not exceed 1.25 and the sum  
 2 of the fractional student enrollment, as provided in section 15-901,  
 3 subsection A, paragraph 2, subdivision (a), shall not exceed 1.25 for the  
 4 courses taken in the school district and the facility, including satellite  
 5 courses. The school district and the joint district shall determine the  
 6 apportionment of the daily attendance and fractional student enrollment for  
 7 that pupil between the school district and the joint district.

8 4. The student count for the first year of operation of a joint  
 9 technological education district as provided in this article shall be  
 10 determined as follows:

11 (a) Determine the estimated student count for joint district classes  
 12 that will operate in the first year of operation. This estimate shall be  
 13 based on actual registration of pupils as of March 30 scheduled to attend  
 14 classes that will be operated by the joint district. The student count for  
 15 the district of residence of the pupils registered at the joint district  
 16 shall be adjusted. The adjustment shall cause the district of residence to  
 17 reduce the student count for the pupil to reflect the courses to be taken at  
 18 the joint district. The district of residence shall review and approve the  
 19 adjustment of its own student count as provided in this subdivision before  
 20 the pupils from the school district can be added to the student count of the  
 21 joint district.

22 (b) The student count for the new joint district shall be the student  
 23 count as determined in subdivision (a) of this paragraph.

24 (c) After the first one hundred days or two hundred days in session,  
 25 as applicable, for the first year of operation, the joint district shall  
 26 revise the student count to the actual student count for students attending  
 27 classes in the joint district. A joint district shall revise its student  
 28 count, the base support level as provided in section 15-943.02, the revenue  
 29 control limit as provided in section 15-944.01, the capital outlay revenue  
 30 limit and the soft capital allocation as provided in section 15-962.01 ~~prior~~  
 31 ~~to~~ BEFORE May 15. A joint district that overestimated its student count  
 32 shall revise its budget ~~prior to~~ BEFORE May 15. A joint district that  
 33 underestimated its student count may revise its budget ~~prior to~~ BEFORE  
 34 May 15.

35 (d) After the first one hundred days or two hundred days in session,  
 36 as applicable, for the first year of operation, the district of residence  
 37 shall adjust its student count by reducing it to reflect the courses actually  
 38 taken at the joint district. The district of residence shall revise its  
 39 student count, the base support level as provided in section 15-943, the  
 40 revenue control limit as provided in section 15-944, the capital outlay  
 41 revenue limit as provided in section 15-961 and the soft capital allocation  
 42 as provided in section 15-962 ~~prior to~~ BEFORE May 15. A district that  
 43 underestimated the student count for students attending the joint district  
 44 shall revise its budget ~~prior to~~ BEFORE May 15. A district that

1 overestimated the student count for students attending the joint district may  
2 revise its budget ~~prior to~~ BEFORE May 15.

3 (e) A joint district for the first year of operation shall not be  
4 eligible for adjustment pursuant to section 15-948.

5 (f) The procedures for implementing this paragraph shall be as  
6 prescribed in the uniform system of financial records.

7 (g) If the district of residence utilizes section 15-942 to determine  
8 its student count, the district shall reduce its student count as provided in  
9 this paragraph by subtracting the appropriate count from the student count  
10 determined as provided in section 15-942.

11 For the purposes of this paragraph, "district of residence" means the  
12 district that included the pupil in its average daily membership for the year  
13 before the first year of operation of the joint district and that would have  
14 included the pupil in its student count for the purposes of computing its  
15 base support level for the fiscal year of the first year of operation of the  
16 joint district if the pupil had not enrolled in the joint district.

17 5. A student includes any person enrolled in the joint district  
18 without regard to the person's age or high school graduation status, except  
19 that:

20 (a) A student in a kindergarten program or in grades one through eight  
21 who enrolls in courses offered by the joint technological education district  
22 shall not be included in the joint district's average daily attendance or  
23 average daily membership.

24 (b) A student in a kindergarten program or in grades one through eight  
25 who is enrolled in vocational education courses shall not be funded in whole  
26 or in part with monies provided by a joint technological education district.

27 (c) A student who is over twenty-two years of age shall not be  
28 included in the student count of the joint district for the purposes of  
29 chapter 9, articles 3, 4 and 5 of this title.

30 (d) A student in grade nine who enrolls in a career exploration course  
31 shall not be included in the joint district's average daily attendance or  
32 average daily membership.

33 6. A joint district may operate for more than one hundred seventy-five  
34 days per year, with expanded hours of service.

35 7. A joint district may use the excess utility costs provisions of  
36 section 15-910 in the same manner as a school district for fiscal years  
37 1999-2000 and 2000-2001, except that the base year shall be the first full  
38 fiscal year of operations.

39 8. A joint district may use the carryforward provisions of section  
40 15-943.01 retroactively to July 1, 1993.

41 9. A school district that is part of a joint district shall use any  
42 monies received pursuant to this article to supplement and not supplant base  
43 year career and technical education and vocational education courses, and  
44 directly related equipment and facilities, except that a school district that  
45 is part of a joint technological education district and that has used monies

received pursuant to this article to supplant career and technological education and vocational education courses that were offered before the first year that the school district participated in the joint district or the first year that the school district used monies received pursuant to this article or that used the monies for purposes other than for career and technological education and vocational education courses shall:

(a) Use at least thirty-three per cent of the monies received pursuant to this article in fiscal year 2005-2006 to supplement and not supplant base year career and technical education and vocational education courses.

(b) Use at least sixty-six per cent of the monies received pursuant to this article in fiscal year 2006-2007 to supplement and not supplant base year career and technical education and vocational education courses.

(c) Use one hundred per cent of the monies received pursuant to this article in fiscal year 2007-2008 and each fiscal year thereafter to supplement and not supplant base year career and technical education and vocational education courses.

10. A joint technological education district shall use any monies received pursuant to this article to enhance and not supplant career and technical education and vocational education courses and directly related equipment and facilities.

11. A joint technological education district or a school district that is part of a joint district shall only include pupils in grades nine through twelve in the calculation of average daily membership or average daily attendance if the pupils are enrolled in courses that are approved jointly by the governing board of the joint technological education district and each participating school district for satellite courses taught within the participating school district, or approved solely by the joint technological education district for centrally located courses. Average daily membership and average daily attendance from courses that are not part of an approved program for career and technical education shall not be included in average daily membership and average daily attendance of a joint technological education district. A student in grade nine who enrolls in a career exploration course shall not be included in the joint district's average daily attendance or average daily membership.

E. The joint board shall appoint a superintendent as the executive officer of the joint district.

F. Taxes may be levied for the support of the joint district as prescribed in chapter 9, article 6 of this title, except that a joint technological education district shall not levy a property tax pursuant to law that exceeds five cents per one hundred dollars assessed valuation except for bond monies pursuant to subsection D, paragraph 1 of this section. ~~Except for the taxes levied pursuant to section 15-994, such~~ THE taxes shall be obtained from a levy ~~of taxes~~ on the VALUATION OF taxable property used for secondary tax purposes.

1           G. The schools in the joint district are available to all persons who  
2 reside in the joint district subject to the rules for admission prescribed by  
3 the joint board.

4           H. The joint board may collect tuition for adult students and the  
5 attendance of pupils who are residents of school districts that are not  
6 participating in the joint district pursuant to arrangements made between the  
7 governing board of the district and the joint board.

8           I. The joint board may accept gifts, grants, federal monies, tuition  
9 and other allocations of monies to erect, repair and equip buildings and for  
10 the cost of operation of the schools of the joint district.

11          J. One member of the joint board shall be selected chairman. The  
12 chairman shall be selected annually on a rotation basis from among the  
13 participating school districts. The chairman of the joint board shall be a  
14 voting member.

15          K. A joint board and a community college district may enter into  
16 agreements for the provision of administrative, operational and educational  
17 services and facilities.

18          L. Any agreement between the governing board of a joint technological  
19 education district and another joint technological education district, a  
20 school district, a charter school or a community college district shall be in  
21 the form of an intergovernmental agreement or other written contract. The  
22 auditor general shall modify the uniform system of financial records and  
23 budget forms in accordance with this subsection. The intergovernmental  
24 agreement or other written contract shall completely and accurately specify  
25 each of the following:

26           1. The financial provisions of the intergovernmental agreement or  
27 other written contract and the format for the billing of all services.

28           2. The accountability provisions of the intergovernmental agreement or  
29 other written contract.

30           3. The responsibilities of each joint technological education  
31 district, each school district, each charter school and each community  
32 college district that is a party to the intergovernmental agreement or other  
33 written contract.

34           4. The type of instruction that will be provided under the  
35 intergovernmental agreement or other written contract.

36           5. The quality of the instruction that will be provided under the  
37 intergovernmental agreement or other written contract.

38           6. The transportation services that will be provided under the  
39 intergovernmental agreement or other written contract and the manner in which  
40 transportation costs will be paid.

41           7. The amount that the joint technological education district will  
42 contribute to a course and the amount of support required by the school  
43 district or the community college.

1           8. That the services provided by the joint technological education  
2 district, the school district, the charter school or the community college  
3 district be proportionally calculated in the cost of delivering the service.

4           9. That the payment for services shall not exceed the cost of the  
5 services provided.

6           10. That any initial intergovernmental agreement or other written  
7 contract and any addendums between the governing board of a joint  
8 technological education district and another joint technological education  
9 district, a school district, a charter school or a community college district  
10 be submitted by the joint technological education district to the joint  
11 legislative budget committee for review.

12           M. On or before December 31 of each year, each joint technological  
13 education district shall submit a detailed report to the career and technical  
14 education division of the department of education. The career and technical  
15 education division of the department of education shall collect, summarize  
16 and analyze the data submitted by the joint districts, shall submit an annual  
17 report that summarizes the data submitted by the joint districts to the  
18 governor, the speaker of the house of representatives, the president of the  
19 senate and the state board of education and shall submit a copy of this  
20 report to the secretary of state and the director of the Arizona state  
21 library, archives and public records. The data submitted by each joint  
22 technological education district shall include the following:

23           1. The average daily membership of the joint district.

24           2. The course listings and course descriptions of courses offered by  
25 the joint district.

26           3. The costs associated with each course offered by the joint  
27 district.

28           4. The completion rate for each course offered by the joint district.

29           5. The graduation rate of students enrolled in the joint district.

30           6. A detailed description of the career opportunities available to  
31 students after completion of the program offered by the joint district.

32           7. A detailed description of the career placement of students who have  
33 completed the program offered by the joint district.

34           8. Any other data deemed necessary by the department of education to  
35 carry out its duties under this subsection.

36           N. If the career and technical education division of the department of  
37 education determines that a course does not meet the criteria for approval as  
38 a joint technical education course, the governing board of the joint  
39 technological education district may appeal this decision to the state board  
40 of education acting as the state board of vocational education.

41           O. Notwithstanding any other law, the average daily membership of a  
42 pupil who is enrolled in a course that meets for at least one hundred fifty  
43 minutes per class period at a centralized campus owned and operated by a  
44 joint technological education district shall be 0.75.



P. For the purposes of this section, "base year" means the complete school year in which voters of a school district elected to join a joint technological education district.

Sec. 2. Section 15-971, Arizona Revised Statutes, is amended to read:

15-971. Determination of equalization assistance payments for school districts

A. Equalization assistance for education is computed by determining the total of the following:

1. The lesser of a school district's revenue control limit or district support level as determined in section 15-947 or 15-951.

2. The capital outlay revenue limit of a school district as determined in section 15-951 or 15-961.

3. The soft capital allocation of a school district as determined in section 15-951 or 15-962.

B. From the total of the amounts determined in subsection A of this section subtract:

1. The amount that would be produced by levying the applicable qualifying tax rate determined pursuant to section 41-1276 for a high school district or a common school district within a high school district which does not offer instruction in high school subjects as provided in section 15-447.

2. The amount that would be produced by levying the applicable qualifying tax rate determined pursuant to section 41-1276 for a unified school district, a common school district not within a high school district or a common school district within a high school district, which offers instruction in high school subjects as provided in section 15-447. The qualifying tax rate shall be applied in the following manner:

(a) For the purposes of the amount determined in subsection A, paragraph 1 of this section:

(i) Determine separately the percentage that the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight and the weighted student count in grades nine through twelve is to the weighted student count determined in subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

(ii) Apply the percentages determined in item (i) to the amount determined in subsection A, paragraph 1 of this section.

(b) For the purposes of the amounts determined in subsection A, paragraphs 2 and 3 of this section, determine separately the amount of the capital outlay revenue limit and the amount of the soft capital allocation attributable to the student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight and grades nine through twelve.

(c) From the amounts determined in subdivisions (a) and (b), subtract the levy which would be produced by the current qualifying tax rate for a high school district or a common school district within a high school district that does not offer instruction in high school subjects as provided

1 in section 15-447. If the qualifying tax rate generates a levy which is in  
2 excess of the total determined in subsection A of this section, the school  
3 district shall not be eligible for equalization assistance. ~~It~~ **FOR THE**  
4 **PURPOSES OF** this subsection, "assessed valuation" includes the values used to  
5 determine voluntary contributions collected pursuant to title 9, chapter 4,  
6 article 3 and title 48, chapter 1, article 8.

7 3. The amount that would be produced by levying a qualifying tax rate  
8 in a joint vocational and technological education district, which shall be  
9 five cents per one hundred dollars assessed valuation unless the legislature  
10 sets a lower rate by law.

11 4. The amount of government property lease excise tax monies that were  
12 distributed to the district pursuant to section 42-6205 during the preceding  
13 fiscal year.

14 ~~C. County aid for equalization assistance for education shall be~~  
15 ~~computed as follows:~~

16 ~~1. Determine the total equalization assistance for all school~~  
17 ~~districts in the county as provided in subsections A and B of this section.~~

18 ~~2. Determine the total amount of state equalization assistance~~  
19 ~~collected for all school districts in the county as provided in section~~  
20 ~~15-994.~~

21 ~~3. Divide the amount determined in paragraph 2 of this subsection by~~  
22 ~~the amount determined in paragraph 1 of this subsection.~~

23 ~~4. Multiply the amount determined in subsections A and B of this~~  
24 ~~section by the quotient determined in paragraph 3 of this subsection for each~~  
25 ~~school district.~~

26 ~~5. The amount determined in paragraph 4 of this subsection shall be~~  
27 ~~the county aid for equalization assistance for education for a school~~  
28 ~~district.~~

29 ~~D. State aid for equalization assistance for education for a school~~  
30 ~~district shall be computed as follows:~~

31 ~~1. Determine the equalization assistance for education for a school~~  
32 ~~district as provided in subsections A and B of this section.~~

33 ~~2. For each county, determine the levy that would be produced by the~~  
34 ~~state equalization assistance property tax rate prescribed in section 15-994,~~  
35 ~~subsection A.~~

36 ~~3. Prorate the amount determined in paragraph 2 of this subsection to~~  
37 ~~each school district in the county as prescribed by subsection C of this~~  
38 ~~section.~~

39 ~~4. Subtract the amount determined in paragraph 3 of this subsection~~  
40 ~~from the amount determined in paragraph 1 of this subsection.~~

41 ~~E. C.~~ Equalization assistance for education shall be paid from  
42 appropriations for that purpose to the school districts as provided in  
43 section 15-973.

1 ~~F.~~ D. A school district shall report expenditures on approved career  
 2 and technical education and vocational education programs in the annual  
 3 financial report according to uniform guidelines prescribed by the uniform  
 4 system of financial records and in order to facilitate compliance with  
 5 sections 15-255 and 15-904.

6 ~~G.~~ E. The additional weight for state aid purposes given to special  
 7 education as provided in section 15-943 shall be given to school districts  
 8 only if special education programs comply with ~~the provisions of~~ chapter 7,  
 9 article 4 of this title and the conditions and standards prescribed by the  
 10 superintendent of public instruction pursuant to rules of the state board of  
 11 education for pupil identification and placement pursuant to sections 15-766  
 12 and 15-767.

13 ~~H.~~ F. In addition to general fund appropriations, all amounts  
 14 received pursuant to section 37-521, subsection B, paragraph 3 and section  
 15 42-5029, subsection E, paragraph 5 and from any other source for the purposes  
 16 of this section are appropriated for state aid to schools as provided in this  
 17 section.

18 ~~I.~~ G. The total amount of state monies that may be spent in any  
 19 fiscal year for state equalization assistance shall not exceed the amount  
 20 appropriated or authorized by section 35-173 for that purpose. This section  
 21 shall not be construed to impose a duty on an officer, agent or employee of  
 22 this state to discharge a responsibility or to create any right in a person  
 23 or group if the discharge or right would require an expenditure of state  
 24 monies in excess of the expenditure authorized by legislative appropriation  
 25 for that specific purpose.

26 Sec. 3. Repeal

27 Section 15-994, Arizona Revised Statutes, is repealed.

28 Sec. 4. Section 15-995, Arizona Revised Statutes, is amended to read:

29 15-995. Adjacent ways

30 A. The governing board of a school district may contract for  
 31 constructing, maintaining or otherwise improving any public way adjacent to  
 32 any parcel of land owned by the school district or leased for school purposes  
 33 by the school district, or an intersection of any public way adjoining a  
 34 quarter block in which the parcel of land is situated, and for the  
 35 construction of sidewalks, sewers, utility lines, roadways and other related  
 36 improvements in or along such streets and intersections, and to pay for such  
 37 improvements by the levy of a special assessment upon the taxable property in  
 38 the school district. MONIES TO PAY FOR IMPROVEMENTS PURSUANT TO THIS SECTION  
 39 SHALL BE APPROVED BY THE QUALIFIED ELECTORS OF THE SCHOOL DISTRICT PURSUANT  
 40 TO AN ELECTION TO EXCEED THE CAPITAL OUTLAY REVENUE LIMIT AS PROVIDED IN  
 41 SECTION 15-481. A school district shall not use any portion of the monies  
 42 generated ~~from the special assessment~~ AS THE RESULT OF AN OVERRIDE ELECTION  
 43 CONDUCTED PURSUANT TO SECTION 15-481 for any construction, maintenance or  
 44 other improvements to the school district's property, except improvements  
 45 necessary to ~~assure~~ ENSURE the safe ingress to and egress from public school

1 property directly adjacent to the public way for buses and fire equipment.  
 2 ~~The assessment shall be made a part of the itemized statement regularly filed~~  
 3 ~~with the county school superintendent and showing the amount of monies needed~~  
 4 ~~for the expenses of schools within the school district for the ensuing year.~~

5 B. If any property owned by a school district or leased by a school  
 6 district for school purposes from any city or county, the state or the United  
 7 States is included within the assessment district to be assessed to pay the  
 8 costs and expenses of any public improvements initiated by a city, ~~as~~ IN  
 9 ORDER to make the assessments thereon payable by the city in which the  
 10 improvement is initiated, the governing board may contract with the  
 11 municipality or its improvement district to reimburse it for the amount ~~of~~  
 12 ~~the assessment against the property~~ APPROVED BY THE QUALIFIED ELECTORS OF THE  
 13 SCHOOL DISTRICT PURSUANT TO AN ELECTION TO EXCEED THE CAPITAL OUTLAY REVENUE  
 14 LIMIT AS PROVIDED IN SECTION 15-481 and to pay the amount so contracted for  
 15 by the levy of a special assessment as provided by subsection A of this  
 16 section.

17 C. The governing board of the school district shall follow the truth  
 18 in taxation notice and hearing requirements prescribed in section 15-905.01,  
 19 subsection B.

20 ~~D. The portion of the primary tax rate to fund adjacent ways as~~  
 21 ~~provided in this section shall not be included in the computation of~~  
 22 ~~additional state aid for education as prescribed in section 15-972.~~

23 Sec. 5. Section 35-454, Arizona Revised Statutes, is amended to read:

24 35-454. Informational pamphlet for election; review; election;  
 25 return; canvass of vote; certificate of election

26 A. The governing body or board of the political subdivision shall:

27 1. Not less than thirty-five days before the bond election, mail a  
 28 copy of an informational pamphlet to every household within the political  
 29 subdivision that contains a registered voter. The pamphlet shall contain  
 30 information on the:

31 (a) Amount of the bond authorization.

32 (b) Maximum interest rate of the bonds.

33 (c) Estimated debt retirement schedule for the current amount of bonds  
 34 outstanding, showing both principal and interest payments, the current  
 35 secondary assessed valuation as reported by the department of revenue or the  
 36 county assessor and the current adopted and estimated tax rates. ~~IN~~ FOR THE  
 37 PURPOSES OF this paragraph, "secondary assessed valuation" may include the  
 38 values used to determine voluntary contributions collected pursuant to title  
 39 9, chapter 4, article 3 and title 48, chapter 1, article 8.

40 (d) Estimated debt retirement schedule for the proposed bond  
 41 authorization, showing both the estimated principal and interest payments and  
 42 the estimated average annual tax rate for the proposed bond authorization.  
 43 In preparing this information and the information prescribed by subdivision  
 44 (c), the projected total annual increase in secondary assessed valuation for  
 45 any future year shall not exceed:

1 (i) For the first five years of the estimated debt retirement  
2 schedule, the average of the annual percentage growth for the previous ten  
3 years in the secondary assessed valuation of the political subdivision.

4 (ii) For the remaining years of the estimated debt retirement  
5 schedule, twenty per cent of the average of the annual percentage growth for  
6 the previous ten years in the secondary assessed valuation of the political  
7 subdivision.

8 (e) Source of repayment.

9 (f) Estimated issuance costs.

10 (g) Estimated tax impact of debt service for the bonds on an  
11 owner-occupied residence classified as class three pursuant to section  
12 42-12003 and on commercial property classified as class one pursuant to  
13 section 42-12001, paragraph 12, assuming the assessed valuation of the  
14 property ~~remains constant~~ INCREASES ANNUALLY AT FIFTY PER CENT OF THE  
15 PROJECTED TOTAL ANNUAL INCREASE IN SECONDARY ASSESSED VALUATION AS DETERMINED  
16 PURSUANT TO SUBDIVISION (d) over the term of the bonds using the same average  
17 annual tax rate as under subdivision (d), as follows:

18 The tax impact over the term of the bonds on an  
19 owner-occupied residence valued by the county assessor at  
20 \$250,000 is estimated to be \$\_\_\_ per year for \_\_ years, or \$\_\_\_  
21 total cost.

22 The tax impact over the term of the bonds on commercial  
23 property valued by the county assessor at \$2,500,000 is  
24 estimated to be \$\_\_\_ per year for \_\_ years, or \$\_\_\_\_\_ total  
25 cost.

26 (h) In bold-faced type, estimated total cost of the proposed bond  
27 authorization, including principal and interest.

28 (i) Current outstanding general obligation debt and constitutional  
29 debt limitation.

30 (j) Purpose for which the bonds are to be issued AND, IF APPLICABLE,  
31 IN BOLD-FACED TYPE, THAT THE AMOUNT OF THE PROPOSED BOND AUTHORIZATION  
32 COMBINED WITH THE CURRENT OUTSTANDING DEBT EXCEEDS THE POLITICAL  
33 SUBDIVISION'S CONSTITUTIONAL DEBT LIMIT.

34 (k) Polling location for the addressee.

35 (l) Hours during the day when the polls will be open.

36 (m) Arguments for and against the authorization of one or more of the  
37 bond propositions.

38 2. Submit a copy of the informational pamphlet to the department of  
39 revenue within thirty days after the bond election. The department of  
40 revenue shall maintain copies of the pamphlets.

41 B. The failure of any one or more electors to receive the  
42 informational pamphlet shall not be grounds to invalidate the election. The  
43 election shall conform with the general election laws of the state. The  
44 return of the election held in a county shall be made to the board of

1 supervisors and, in any other case, to the governing body or board of the  
2 municipal corporation or district within twelve days after the election.

3 C. For any proposed general obligation bond authorization where the  
4 principal and interest will be paid by a levy of property taxes, the ballot  
5 shall contain the phrase "the issuance of these bonds will result in ~~an~~  
6 ~~annual levy of property taxes sufficient to pay the debt on the bonds~~ A  
7 PROPERTY TAX INCREASE SUFFICIENT TO PAY THE ANNUAL DEBT SERVICE ON BONDS".  
8 Any written information provided by the political subdivision pertaining to  
9 the bond election shall include financial information showing the estimated  
10 average tax rate for the proposed bond authorization.

11 D. If the governing body intends to use revenues other than property  
12 taxes to pay the debt on proposed general obligation bonds, the ballot shall  
13 contain the phrase "the issuance of these bonds will result in ~~an annual levy~~  
14 ~~of property taxes sufficient to pay the debt on the bonds~~ A PROPERTY TAX  
15 INCREASE SUFFICIENT TO PAY THE ANNUAL DEBT SERVICE ON BONDS, unless the  
16 governing body provides for payment from other sources".

17 E. The board of supervisors, governing body or governing board shall  
18 hold a special meeting within twenty days after the election to canvass the  
19 votes cast and certify the result. The certificate of the result shall be  
20 prima facie evidence of full performance of all conditions and requirements  
21 precedent to holding the election.

22 F. The governing board or body shall file and record in the office of  
23 the county recorder a certificate disclosing the purpose of the election, the  
24 total number of votes cast and the total number of votes for and against  
25 creating the indebtedness, and stating whether or not the indebtedness is  
26 ordered. Upon filing and recording the certificate, the governing board or  
27 body shall carry out the purpose of the election.

28 G. Variations between the estimates required by subsection A OF THIS  
29 SECTION and the actual debt retirement schedules, issuance costs, annual and  
30 total costs and tax rates shall not invalidate either the election or the  
31 bonds.

32 Sec. 6. Section 35-455, Arizona Revised Statutes, is amended to read:

33 35-455. Issuance and sale of bonds; call for election

34 A. When the political subdivision designated in this article desires  
35 to issue bonds or other evidences of indebtedness, the governing body or  
36 board thereof ~~may~~, with the assent of a majority of the qualified electors  
37 therein voting at the election held as provided by section 35-454, MAY issue  
38 and sell bonds in the amount authorized at the election.

39 B. The call for the election shall set forth the aggregate amount of  
40 the bonds, the maximum rate of interest to be paid thereon, the MINIMUM AND  
41 maximum number of years bonds of any issue or series may run from their date,  
42 ~~and~~ the purposes for which the money derived from the sale of the bonds will  
43 be expended, THE CURRENT OUTSTANDING GENERAL OBLIGATION DEBT AND THE  
44 CONSTITUTIONAL DEBT LIMITATION OF THE POLITICAL SUBDIVISION.

1 C. Bonds of any issue or series of bonds voted under this section may  
2 run for any number of years not exceeding the longest period permitted by the  
3 voted proposition.

4 D. The governing body or board may expend the monies received from the  
5 sale of the bonds only for the purposes stated in the ballot and for the  
6 necessary costs and expenses of the issuance and sale of the bonds. If an  
7 unexpended balance remains after satisfying the purposes of the bonds, the  
8 balance shall be used to retire the bonded indebtedness.

9 Sec. 7. Section 35-473.01, Arizona Revised Statutes, is amended to  
10 read:

11 35-473.01. Refunding bonds issued in advance of maturity of the  
12 bonds to be refunded; definition

13 A. Refunding bonds, designated as such, may also be authorized, issued  
14 and sold pursuant to ~~the provisions of~~ this article for the purpose of  
15 refunding any bonds theretofore issued under the authority of article 3 of  
16 this chapter or under the authority of both article 3 of this chapter and  
17 title 9, chapter 5, article 3 or under the authority of title 15, chapter 4,  
18 article 5 and chapter 9, article 7 or by any political subdivision which is a  
19 public, corporate body under the laws of this state the property of which is  
20 exempt from taxation, for the purpose of refunding any bonds, theretofore  
21 issued under authority of law and payable from the proceeds of taxes,  
22 including assessments, which may be levied annually at uniform rates and are  
23 secured by property subject thereto in the political subdivision, in advance  
24 of the maturity or call date of such bonds to be refunded. IF THE WEIGHTED  
25 AVERAGE MATURITY OF THE REFUNDING BONDS IS AT LEAST SEVENTY-FIVE PER CENT OF  
26 THE WEIGHTED AVERAGE MATURITY OF THE BONDS BEING REFUNDED, no election on the  
27 issuance of the refunding bonds shall be required. ~~, but~~ If the refunding  
28 bonds are combined into a single issue with bonds authorized for nonrefunding  
29 purposes, the bonds so authorized for nonrefunding purposes shall have been  
30 submitted at an election as otherwise provided by law.

31 B. When refunding bonds issued pursuant to this section are sold, the  
32 net proceeds shall be invested in obligations issued by or guaranteed by the  
33 United States government, ~~so long as such~~ IF THESE investments will mature  
34 with interest so as to provide funds to pay when due, or called for  
35 redemption, the bonds to be refunded together with interest thereon and  
36 redemption premiums, if any, and such proceeds or obligations shall, and  
37 other funds legally available for such purposes may, be deposited in the  
38 respective principal and interest redemption funds and shall be held in trust  
39 for the payment of the refunded bonds with interest and redemption premiums,  
40 if any, on maturity or upon an available redemption date or upon an earlier  
41 voluntary surrender with the consent of the issuer.

42 C. When bonds are issued in advance of maturity of the bonds being  
43 refunded, the holder of the refunding bonds shall rely upon the sufficiency  
44 of the funds or securities held in trust for the payment of the refunded  
45 bonds. The issuance of refunding bonds shall in no way infringe upon the



1 rights of the holder of the refunded bonds to rely upon a tax levy for the  
2 payment of principal and interest on the refunded bonds if the investments in  
3 the redemption funds prove insufficient. The total aggregate of taxes levied  
4 to pay principal and interest on the refunding bonds in the aggregate shall  
5 not exceed the total aggregate principal and interest to become due on the  
6 refunded bonds from the date of issuance of the refunding bonds to the final  
7 date of maturity on the bonds being refunded. Subject to such limitation,  
8 taxes in an amount sufficient to pay the interest on all refunding bonds  
9 issued pursuant to this section, then outstanding, the installments of the  
10 principal thereof becoming due and payable in the ensuing year, and the  
11 annual portion of such sinking fund as may be set up for retirement thereof,  
12 shall be levied, assessed and collected as other taxes of the political  
13 subdivision and the proceeds therefrom kept in a special fund and used only  
14 for the purposes for which collected.

15 D. Proceedings pursuant to this section shall be had by the board or  
16 boards which would be authorized to issue and sell the bonds to be refunded  
17 if such bonds were then to be issued and sold. The refunding bonds to be  
18 issued pursuant hereto may be of serial, including semiannual, or term  
19 maturities payable at any time on or before the maximum maturity date  
20 otherwise authorized by this article, and the provisions relating to  
21 execution, validity, records, place of payment and payment, cancellation and  
22 destruction upon maturity of the bonds to be refunded shall apply to such  
23 refunding bonds.

24 E. Refunding bonds to be issued pursuant to this section may be  
25 combined with bonds otherwise authorized, provided that they are of equal  
26 priority.

27 F. The powers conferred by this section are in addition to, and not in  
28 substitution of, and the limitations imposed by this section shall not affect  
29 the powers conferred by any other law.

30 G. The amount of net premium associated with a refunding bond issue  
31 may not exceed the total of the following:

32 1. The difference between the amount required to fund the escrow  
33 account and the par amount of the refunded bonds.

34 2. The costs of the issuance of the refunding bonds that may be paid  
35 from premium, up to two per cent of the par value of the refunded bonds.

36 H. Any net premium not used to pay the costs of the bond issue or to  
37 fund the escrow account shall be deposited in a debt service fund and used to  
38 pay interest on the bonds.

39 I. For THE purposes of this section, "net premium" means the  
40 difference between the par amount of the bond issue and the bond issue price  
41 determined pursuant to United States treasury regulations.

42 Sec. 8. Section 37-521, Arizona Revised Statutes, is amended to read:

43 37-521. Permanent state school fund; composition; use

44 A. The permanent state school fund shall consist of:



1           1. The proceeds of all lands granted to the state by the United States  
2 for the support of common schools.

3           2. All property which accrues to the state by escheat or forfeiture.

4           3. All property donated for the benefit of the common schools, unless  
5 the terms of the donation otherwise provide.

6           4. All unclaimed shares and dividends of any corporation incorporated  
7 under the laws of this state.

8           5. The proceeds of sale of timber, mineral, gravel or other natural  
9 products or property from school lands and state lands other than those  
10 granted for specific purposes.

11          6. The residue of the lands granted for payment of the bonds and  
12 accrued interest issued by Maricopa, Pima, Yavapai and Coconino counties,  
13 after the purpose of the grant has been satisfied, and the five per cent of  
14 the proceeds of sales of public lands lying within this state sold by the  
15 United States subsequent to admission of this state into the union, as  
16 granted by the enabling act.

17          B. The fund shall be and remain a perpetual fund, and distributions  
18 from the fund pursuant to article X, section 7, Constitution of Arizona, plus  
19 monies derived from the rental of the lands and property, interest and  
20 accrued rent for that year credited pursuant to section 37-295 and interest  
21 paid on installment sales, shall be used as follows:

22           1. If there are outstanding state school facilities revenue bonds  
23 pursuant to title 15, chapter 16, article 6, outstanding qualified zone  
24 academy bonds pursuant to title 15, chapter 16, article 7 or outstanding  
25 state school trust revenue bonds issued to correct existing deficiencies  
26 ~~prescribed by section 15-2021~~, the state treasurer and the state land  
27 department shall annually transfer to the state school facilities revenue  
28 bond debt service fund established in section 15-2054, the state school  
29 improvement revenue bond debt service fund established in section 15-2084 and  
30 the state school trust revenue bond debt service fund the amount that is  
31 necessary to pay that fiscal year's debt service on outstanding state school  
32 facilities revenue bonds, qualified zone academy bonds and state school trust  
33 revenue bonds, before transferring amounts for any other uses.

34           2. If there are no outstanding state school facilities revenue bonds  
35 pursuant to title 15, chapter 16, article 6 or if the amount of monies  
36 available under this subsection exceeds the amount required under paragraph 1  
37 of this subsection, the monies are subject to legislative appropriation to  
38 the new school facilities fund established by section 15-2041.

39           3. If the amount of monies available under this subsection exceeds the  
40 amount required under paragraphs 1 and 2 of this subsection, the legislature  
41 may annually appropriate an amount to be used as provided in section 15-971,  
42 subsection ~~H~~ F, except that the amount appropriated may not exceed the  
43 amount appropriated from the permanent state school fund and from the rent  
44 and interest paid on installment sales for this purpose in fiscal year  
45 2000-2001.

1           4. Notwithstanding paragraphs 1, 2 and 3 of this subsection, from and  
2 after June 30, 2001, any expendable earnings under this subsection that  
3 exceed the fiscal year 2000-2001 expendable earnings shall be deposited in  
4 the classroom site fund established by section 15-977.

5           Sec. 9. Section 41-1276, Arizona Revised Statutes, is amended to read:

6           41-1276. Truth in taxation levy for equalization assistance to  
7                                   school districts

8           A. On or before February 15 of each year, the joint legislative budget  
9 committee shall compute and transmit the truth in taxation rates for  
10 equalization assistance for school districts for the following fiscal year  
11 to:

12           1. The chairmen of the house of representatives ways and means  
13 committee and the senate finance committee or their successor committees.

14           2. The chairmen of the appropriations committees of the senate and the  
15 house of representatives or their successor committees.

16           B. The truth in taxation rates consist of the qualifying tax rate for  
17 a high school district or a common school district within a high school  
18 district that does not offer instruction in high school subjects pursuant to  
19 section 15-971, subsection B, paragraph 1, ~~AND~~ a qualifying tax rate for a  
20 unified district, a common school district not within a high school district  
21 or a common school district within a high school district that offers  
22 instruction in high school subjects pursuant to section 15-971, subsection B,  
23 paragraph 2 ~~and a state equalization assistance property tax rate pursuant to~~  
24 ~~section 15-994~~ that will offset the change in net assessed valuation of  
25 property that was subject to tax in the prior year.

26           C. The joint legislative budget committee shall compute the truth in  
27 taxation rates as follows:

28           1. Determine the statewide primary net assessed value for the  
29 preceding tax year as provided in section 42-17151, subsection A,  
30 paragraph 3.

31           2. Determine the statewide primary net assessed value for the current  
32 tax year, excluding the net assessed value of property that was not subject  
33 to tax in the preceding year.

34           3. Divide the amount determined in paragraph 1 of this subsection by  
35 the amount determined in paragraph 2 of this subsection.

36           4. Adjust the qualifying tax rates ~~and the state equalization~~  
37 ~~assistance property tax rate~~ for the current fiscal year by the percentage  
38 determined in paragraph 3 of this subsection in order to offset the change in  
39 net assessed value.

40           D. Except as provided in subsections E and G of this section, the  
41 qualifying tax rate for a high school district or a common school district  
42 within a high school district that does not offer instruction in high school  
43 subjects, ~~AND~~ the qualifying tax rate for a unified school district, a  
44 common school district not within a high school district or a common school  
45 district within a high school district that offers instruction in high school

subjects ~~and the state equalization assistance property tax rate~~ for the following fiscal year shall be the rate determined by the joint legislative budget committee pursuant to subsection C of this section. The committee shall transmit the rates to the superintendent of public instruction and the county boards of supervisors by March 15 each year.

E. If the legislature proposes ~~either~~ qualifying tax rates ~~or a state equalization assistance property tax rate~~ that ~~exceeds~~ EXCEED the truth in taxation rate:

1. The house of representatives ways and means committee and the senate finance committee or their successor committees shall hold a joint hearing on or before February 28 and publish a notice of a truth in taxation hearing that meets the following requirements:

(a) The notice shall be published twice in a newspaper of general circulation in this state that is published at the state capital. The first publication shall be at least fourteen but not more than twenty days before the date of the hearing. The second publication shall be at least seven but not more than ten days before the date of the hearing.

(b) The notice shall be published in a location other than the classified or legal advertising section of the newspaper.

(c) The notice shall be at least one-fourth page in size and shall be surrounded by a solid black border at least one-eighth inch in width.

(d) The notice shall be in the following form, with the "truth in taxation hearing - notice of tax increase" headline in at least eighteen point type:

Truth in Taxation Hearing

Notice of Tax Increase

In compliance with section 41-1276, Arizona Revised Statutes, the state legislature is notifying property taxpayers in Arizona of the legislature's intention to raise the property tax levy over last year's level.

The proposed tax increase will cause the taxes on a \$100,000 home to increase by \$\_\_\_\_\_.

All interested citizens are invited to attend a public hearing on the tax increase that is scheduled to be held \_\_\_\_\_ (date and time) at \_\_\_\_\_ (location).

(e) For purposes of computing the tax increase on a one hundred thousand dollar home as required by the notice, the joint meeting of the house of representatives ways and means committee and the senate finance committee or their successor committees shall consider the difference between the truth in taxation rate and the proposed increased rate.

2. The joint meeting of the house of representatives ways and means committee and the senate finance committee or their successor committees shall consider any motion to recommend the proposed tax rates to the full legislature by roll call vote.

1 F. In addition to publishing the truth in taxation notice under  
 2 subsection E, paragraph 1 of this section, the joint meeting of the house of  
 3 representatives ways and means committee and the senate finance committee or  
 4 their successor committees shall issue a press release containing the truth  
 5 in taxation notice.

6 G. Notwithstanding any other law, the legislature shall not adopt a  
 7 state budget that provides for ~~either~~ qualifying tax rates pursuant to  
 8 section 15-971 ~~or a state equalization assistance property tax rate pursuant~~  
 9 ~~to section 15-994~~ that ~~exceeds~~ EXCEED the truth in taxation rates computed  
 10 pursuant to subsection A of this section unless the rates are adopted by a  
 11 concurrent resolution approved by an affirmative roll call vote of two-thirds  
 12 of the members of each house of the legislature before the legislature enacts  
 13 the general appropriations bill. If the resolution is not approved by  
 14 two-thirds of the members of each house of the legislature, the rates for the  
 15 following fiscal year shall be the truth in taxation rates determined  
 16 pursuant to subsection C of this section and shall be transmitted to the  
 17 superintendent of public instruction and the county boards of supervisors.

18 H. Notwithstanding subsection C of this section and if approved by the  
 19 qualified electors voting at a statewide general election, the legislature  
 20 shall not set a qualifying tax rate that exceeds \$2.1265 for a common or high  
 21 school district or \$4.253 for a unified school district. The legislature  
 22 shall not set a county equalization assistance for education rate that  
 23 exceeds \$0.5123.

24 I. Pursuant to subsection C of this section, the qualifying tax rate  
 25 in tax year 2008 for a high school district or a common school district  
 26 within a high school district that does not offer instruction in high school  
 27 subjects as provided in section 15-447 is \$1.4622 and for a unified school  
 28 district, a common school district not within a high school district or a  
 29 common school district within a high school district that offers instruction  
 30 in high school subjects as provided in section 15-447 is \$2.9244. ~~The state~~  
 31 ~~equalization assistance property tax rate in tax years 2006, 2007 and 2008 is~~  
 32 ~~zero. The state equalization assistance property tax rate in tax year 2009~~  
 33 ~~shall be computed by annually adjusting the tax year 2005 rate of \$0.4358 as~~  
 34 ~~provided by this section through tax year 2009.~~

35 Sec. 10. Section 42-17001, Arizona Revised Statutes, is amended to  
 36 read:

37 42-17001. Definitions

38 In this chapter, unless the context otherwise requires:

39 1. "Commission" means the property tax oversight commission  
 40 established by section 42-17002.

41 2. "Political subdivision" means a county, charter county, city,  
 42 charter city, town or community college district.

3. "SPECIAL TAXING DISTRICT" MEANS:

(a) A FIRE DISTRICT ESTABLISHED PURSUANT TO TITLE 48, CHAPTER 5.

(b) A COUNTY TELEVISION IMPROVEMENT DISTRICT ESTABLISHED PURSUANT TO TITLE 48, CHAPTER 7.

(c) A COUNTY FREE LIBRARY DISTRICT ESTABLISHED PURSUANT TO TITLE 48, CHAPTER 24.

(d) A COUNTY JAIL DISTRICT ESTABLISHED PURSUANT TO TITLE 48, CHAPTER 25.

(e) A SPECIAL HEALTH CARE DISTRICT ESTABLISHED PURSUANT TO TITLE 48, CHAPTER 31.

(f) A PUBLIC HEALTH SERVICES DISTRICT ESTABLISHED PURSUANT TO TITLE 48, CHAPTER 33.

Sec. 11. Section 42-17003, Arizona Revised Statutes, is amended to read:

42-17003. Duties

A. The commission shall:

1. Establish procedures for deriving the information required by sections 15-905.01, 15-1461.01 and 42-17107 and article 2 of this chapter.

2. Review the primary property tax levy of each political subdivision to determine violations of sections 15-905.01, 15-1461.01 and 42-17107 and article 2 of this chapter.

3. REVIEW THE SECONDARY PROPERTY TAX LEVY OF EACH SPECIAL TAXING DISTRICT TO DETERMINE VIOLATIONS OF SECTIONS 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 AND 48-5805.

~~3-~~ 4. Review the reports made by the department concerning valuation accuracy.

~~4-~~ 5. Hold hearings to determine the adequacy of compliance with articles 2 and 3 of this chapter.

~~5-~~ 6. Upon the request of a county, city, town or community college district, hold hearings as prescribed in section 42-17004 regarding the calculation of the maximum allowable primary property tax levy limits prescribed in section 42-17051, subsection A.

B. If the commission determines that a political subdivision has violated section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter, OR THAT A SPECIAL TAXING DISTRICT HAS VIOLATED SECTION 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805, then on or before September 15 the commission shall notify the political subdivision OR DISTRICT, and the county board of supervisors, in writing, of:

1. The nature of the violation.

2. The necessary adjustment to:

(a) The primary property tax levy and tax rate to comply with section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter.

(b) THE SECONDARY PROPERTY TAX LEVY AND TAX RATE TO COMPLY WITH SECTION 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805.

1           Sec. 12. Section 42-17004, Arizona Revised Statutes, is amended to  
2 read:

3           42-17004. Hearing and appeals of commission findings

4           A. If the commission notifies a political subdivision of a violation  
5 of section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter, **OR**  
6 **NOTIFIES A SPECIAL TAXING DISTRICT OF A VIOLATION OF SECTION 48-807, 48-1104,**  
7 **48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805,** and the political  
8 subdivision **OR DISTRICT** disputes the commission's findings, then on or before  
9 October 1 the political subdivision **OR DISTRICT** may request a hearing before  
10 the commission to attempt to resolve the dispute.

11          B. A governing ~~board~~ **BODY** of a county, city, town, ~~or~~ community  
12 college district **OR SPECIAL TAXING DISTRICT** may request a hearing before the  
13 commission regarding the calculation of the maximum allowable primary **OR**  
14 **SECONDARY** property tax levy limits prescribed in section 42-17051, **48-807,**  
15 **48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805.** The commission  
16 may resolve any disputes.

17          C. The commission shall conduct the hearing as prescribed in title 41,  
18 chapter 6, article 10.

19          D. If the dispute is resolved at the hearing, the commission shall  
20 immediately notify the county board of supervisors of the proper primary **OR**  
21 **SECONDARY** tax levy and tax rate.

22          E. If a political subdivision **OR SPECIAL TAXING DISTRICT** continues to  
23 dispute the commission's findings after the hearing under this section, the  
24 political subdivision **OR DISTRICT** may:

25           1. Appeal the matter to tax court within thirty days after the  
26 commission renders the decision.

27           2. Levy primary **OR SECONDARY** property taxes in the amount that the  
28 political subdivision **OR DISTRICT** considers to be proper, pending the outcome  
29 of the appeal.

30       Sec. 13. Section 42-17005, Arizona Revised Statutes, is amended to  
31 read:

32       42-17005. Adjustments to levy

33       A. If a governing body of a political subdivision **OR A SPECIAL TAXING**  
34 **DISTRICT** receives written notice of a violation of its allowable levy limit  
35 or truth in taxation limit under section 42-17003, and has not appealed the  
36 commission's decision pursuant to section 42-17004, the governing body shall  
37 correct its ~~primary~~ property tax levy and tax rate to properly reflect the  
38 allowable levy for the current year. The county board of supervisors shall  
39 make the necessary adjustments to the political subdivision's **OR DISTRICT'S**  
40 ~~primary~~ property tax levy and tax rate to ensure that the corrected  
41 information is contained in the assessment and tax roll that is transmitted  
42 to the county treasurer pursuant to section 42-18003. If the governing body  
43 receives the notice after it is too late to correct the levy in the current  
44 year, the difference between the amount actually levied and the allowable

1 ~~primary~~ property tax levy shall be set aside in a special fund and used to  
 2 reduce the ~~primary~~ property taxes levied in the following year.

3 B. If, after a hearing under section 42-17004, the commission  
 4 determines that errors were made in the calculation of the maximum allowable  
 5 primary property tax levy limit pursuant to section 42-17051, subsection A,  
 6 OR SECONDARY PROPERTY TAX LEVY LIMIT PURSUANT TO SECTION 48-807, 48-1104,  
 7 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805, the commission shall have  
 8 five days to notify the governing ~~board of a~~ BODY OF THE county, city, town,  
 9 ~~or~~ community college district OR SPECIAL TAXING DISTRICT of the corrected  
 10 levy limit. The commission shall also notify the county board of supervisors  
 11 within five days. The corrected maximum allowable primary property tax levy  
 12 shall be used in section 42-17051, subsection A, paragraph 1 in determining  
 13 the following year's levy limit. THE CORRECTED MAXIMUM ALLOWABLE SECONDARY  
 14 PROPERTY TAX LEVY SHALL BE USED IN SECTION 48-807, 48-1104, 48-3903, 48-4023,  
 15 48-4023.01, 48-5565 OR 48-5805 IN DETERMINING THE FOLLOWING YEAR'S LEVY  
 16 LIMIT.

17 C. If, after a hearing under section 42-17004, it is impossible for  
 18 the board of supervisors to correct a property tax levy in the current year,  
 19 the political subdivision OR SPECIAL TAXING DISTRICT shall hold the  
 20 difference between the amount the political subdivision OR DISTRICT actually  
 21 levied and the allowable ~~primary~~ property tax levy prescribed by the  
 22 commission in a separate fund to be used to reduce the ~~primary~~ property taxes  
 23 levied by the political subdivision OR DISTRICT in the following year.

24 D. If the commission discovers that it has made an error in computing  
 25 the levy limit after September 15, it shall notify the political  
 26 subdivision's OR SPECIAL TAXING DISTRICT'S governing body about the error.  
 27 The error shall be corrected as prescribed in subsection A of this section.  
 28 If the error results in the maximum allowable ~~primary~~ property tax levy being  
 29 raised: ~~;~~

30 1. The corrected maximum allowable primary property tax levy shall be  
 31 used in section 42-17051, subsection A, paragraph 1 in determining the  
 32 following year's levy limit.

33 2. THE CORRECTED MAXIMUM ALLOWABLE SECONDARY PROPERTY TAX LEVY SHALL  
 34 BE USED FOR THE PURPOSES OF SECTION 48-807, 48-1104, 48-3903, 48-4023,  
 35 48-4023.01, 48-5565 OR 48-5805 IN DETERMINING THE FOLLOWING YEAR'S LEVY  
 36 LIMIT.

37 E. If, on appeal under section 42-17004, subsection E, the ruling of  
 38 the court provides for a ~~primary~~ property tax levy in an amount that is less  
 39 than the amount levied by the political subdivision OR SPECIAL TAXING  
 40 DISTRICT, the political subdivision OR DISTRICT shall hold the difference  
 41 between the amounts in a separate fund to be used to reduce the ~~primary~~  
 42 property taxes levied by the political subdivision OR DISTRICT in the  
 43 following year.

1       Sec. 14. Section 42-17051, Arizona Revised Statutes, is amended to  
2 read:

3       42-17051. Limit on county, municipal and community college  
4               primary property tax levy

5       A. In addition to any other limitation that may be imposed, a county,  
6 charter county, city, charter city, town or community college district shall  
7 not levy primary property taxes in any year in excess of an aggregate amount  
8 computed as follows:

9       1. Determine the maximum allowable primary property tax levy limit for  
10 the jurisdiction for the preceding tax year.

11       2. Multiply the amount determined in paragraph 1 by 1.02.

12       3. Determine the assessed value for the current tax year of all  
13 property in the political subdivision that was subject to tax in the  
14 preceding tax year.

15       4. Divide the dollar amount determined in paragraph 3 by one hundred  
16 and then divide the dollar amount determined in paragraph 2 by the resulting  
17 quotient. The result, rounded to four decimal places, is the maximum  
18 allowable tax rate for the political subdivision.

19       5. Determine the finally equalized valuation of all property, less  
20 exemptions, appearing on the tax roll for the current tax year, including an  
21 estimate of the personal property tax roll determined pursuant to section  
22 42-17053.

23       6. Divide the dollar amount determined in paragraph 5 by one hundred  
24 and then multiply the resulting quotient by the rate determined in  
25 paragraph 4. The resulting product is the maximum allowable primary property  
26 tax levy limit for the current year for all political subdivisions.

27       7. The allowable levy of primary property taxes for the current fiscal  
28 year for all political subdivisions is the maximum allowable primary property  
29 tax levy limit less any amounts required to reduce the levy pursuant to  
30 subsections B and C of this section.

31       B. Any monies that a political subdivision received from primary  
32 property taxation in excess of the sum of the amount of taxes collectible  
33 pursuant to section ~~42-15054~~ 42-15053, SUBSECTION F, PARAGRAPH 2 and the  
34 allowable levy determined under subsection A of this section shall be  
35 maintained in a separate fund and used to reduce the primary property tax  
36 levy in the following year. Monies that are received and that are  
37 attributable to the payment of delinquent taxes that were properly assessed  
38 in prior years shall not be applied to reduce the levy in the following year.

39       C. If, pursuant to section 41-1279.07, the auditor general determines  
40 that in any fiscal year a county has exceeded its expenditure limitation, the  
41 allowable levy of primary property taxes of the county determined under  
42 subsection A of this section shall be reduced in the fiscal year following  
43 the auditor general's hearing by the amount of the expenditures that exceeded  
44 the county's expenditure limitation.



1 D. The limitations prescribed by this section do not apply to levies  
2 made pursuant to ~~section 15-994 or~~ article 5 of this chapter.

3 E. The levy limitation for a political subdivision is considered to be  
4 increased each year to the maximum permissible limit under subsection A of  
5 this section regardless of whether the county, city, town or district  
6 actually levies taxes in any year up to the maximum permissible amount.

7 F. For ~~THE~~ purposes of determining a county's levy limit under this  
8 article, remote municipal property, as defined in section 42-15251, is  
9 considered to be taxable property in the county.

10 Sec. 15. Section 42-17052, Arizona Revised Statutes, is amended to  
11 read:

12 42-17052. Values furnished by county assessor

13 A. On or before February 10 of the tax year, the county assessor shall  
14 transmit and certify to the property tax oversight commission and to the  
15 governing body of the political subdivision or district in the county the  
16 values that are required to compute the levy limit prescribed by ~~section~~  
17 ~~SECTIONS~~ 42-17051, 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 AND  
18 48-5805. For the purposes of this section, these values shall not be changed  
19 for the official calculation of levy limits and tax rates after February 10  
20 without the approval of the property tax oversight commission. These values  
21 shall include:

22 1. The finally equalized valuation of all property, less estimated  
23 exemptions, appearing on the tax roll for the current tax year to be used to  
24 fix, levy and assess the political subdivision's taxes.

25 2. The value of the property on the personal property tax roll  
26 determined pursuant to section 42-17053.

27 B. On or before February 10 of the tax year, the county assessor shall  
28 determine the limited property value for the current tax year of each school  
29 district in the county and shall transmit the values to the county school  
30 superintendent to assist the superintendent in computing equalization  
31 assistance for education as provided in section 15-991.

32 C. On or before February 10 of the tax year, the county assessor shall  
33 transmit to the staff of the joint legislative budget committee and to the  
34 governor's office of strategic planning and budgeting the values that are  
35 required to compute the truth in taxation rates prescribed by section  
36 41-1276.

37 Sec. 16. Section 42-17054, Arizona Revised Statutes, is amended to  
38 read:

39 42-17054. Levy limit worksheet

40 A. When the county assessor transmits valuations under section  
41 42-17052, the assessor shall prepare and transmit a final levy limit  
42 worksheet to each city, town and community college district that imposes a  
43 primary property tax, ~~TO EACH SPECIAL TAXING DISTRICT THAT IMPOSES A~~  
44 ~~SECONDARY PROPERTY TAX~~ and to the property tax oversight commission.

B. Each city, town, ~~and~~ community college district AND SPECIAL TAXING DISTRICT shall notify the property tax oversight commission in writing within ten days of its agreement or disagreement with the final levy limit worksheet.

Sec. 17. Section 42-17055, Arizona Revised Statutes, is amended to read:

42-17055. Public inspection of values used in computing levy limitation

A. On or before February 15 of the tax year, the governing body of each county, city, town, ~~and~~ community college district AND SPECIAL TAXING DISTRICT shall make available for public inspection the values determined in each numbered paragraph of section 42-17051, subsection A AND IN SECTIONS 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 AND 48-5805.

B. The property tax oversight commission shall not alter the values that have been determined and made available for public inspection under this section unless the county assessor transmits and certifies new values to the governing body. The new values shall be made available for public inspection on the request of any individual.

Sec. 18. Section 42-17151, Arizona Revised Statutes, is amended to read:

42-17151. County, municipal, community college and school tax levy

A. On or before the third Monday in August each year, the governing body of each county, city, town, community college district and school district shall:

1. Fix, levy and assess the amount to be raised from primary property taxation and secondary property taxation. This amount, plus all other sources of revenue, as estimated, and unencumbered balances from the preceding fiscal year, shall equal the total of amounts proposed to be spent in the budget for the current fiscal year.

2. Designate the amounts to be levied for each purpose appearing in the adopted budget.

3. Fix and determine a primary property tax rate and a secondary property tax rate, each rounded to four decimal places on each one hundred dollars of taxable property shown by the finally equalized valuations of property, less exemptions, that appear on the tax rolls for the fiscal year and that when extended on those valuations will produce, in the aggregate, the entire amount to be raised by direct taxation for that year.

B. The governing body of a county, city, town or community college district shall not fix, levy or assess an amount of primary property taxes in excess of the amount permitted by section 42-17051, subsection A, paragraph 7 or section 42-17005 as determined by the property tax oversight commission.

C. THE GOVERNING BOARD OF A COMMON SCHOOL DISTRICT, A HIGH SCHOOL DISTRICT OR A UNIFIED SCHOOL DISTRICT SHALL NOT FIX, LEVY OR ASSESS A PRIMARY PROPERTY TAX RATE HIGHER THAN THE CURRENT YEAR'S RATE IF THE DISTRICT MEETS

1 THE FOLLOWING CRITERIA, AS DETERMINED BY THE PROPERTY TAX OVERSIGHT  
2 COMMISSION:

3 1. THE TOTAL PRIMARY PROPERTY TAXES LEVIED FOR ALL TAXING  
4 JURISDICTIONS ON AT LEAST ONE-HALF OF THE RESIDENTIAL PROPERTY OF THE  
5 DISTRICT EXCEED THE LIMITATION DESCRIBED IN SECTION 15-972, SUBSECTION E.

6 2. THE SCHOOL DISTRICT PRIMARY PROPERTY TAX RATE EXCEEDS ONE HUNDRED  
7 FIFTY PER CENT OF THE APPLICABLE QUALIFYING TAX RATE PURSUANT TO SECTION  
8 41-1276.

9 D. NO LATER THAN DECEMBER 31, THE PROPERTY TAX OVERSIGHT COMMISSION  
10 SHALL NOTIFY THOSE SCHOOL DISTRICTS THAT MEET THE CRITERIA DESCRIBED IN  
11 SUBSECTION C OF THIS SECTION AND THE COUNTY SCHOOL SUPERINTENDENTS AND BOARDS  
12 OF SUPERVISORS OF THE COUNTIES IN WHICH THE SCHOOL DISTRICTS ARE LOCATED.

13 ~~C.~~ E. Within three days after the final levies are determined for a  
14 county, city, town or community college district, the chief county fiscal  
15 officer shall notify the property tax oversight commission of the amount of  
16 the primary property tax levied.

17 Sec. 19. Section 48-807, Arizona Revised Statutes, is amended to read:

18 48-807. County fire district assistance tax; annual budget

19 A. The board of supervisors of a county shall levy, at the time of  
20 levying other property taxes, a county fire district assistance tax on the  
21 taxable property in the county of not more than ten cents per one hundred  
22 dollars of assessed valuation. The tax levy provided for in this subsection  
23 shall be a levy of secondary property taxes and shall not be subject to title  
24 42, chapter 17, article 2. The county treasurer shall pay to each fire  
25 district, including a fire district formed pursuant to section 48-851, in the  
26 county from the proceeds of the tax an amount equal to twenty per cent of the  
27 property tax levy adopted by the district for the fiscal year in which the  
28 tax will be levied, except that:

29 1. The amount of assistance from the county to a fire district shall  
30 be reduced as follows:

31 (a) By the dollar amount that the fire district receives from the fire  
32 district assistance tax that exceeds three hundred thousand dollars from and  
33 after June 30 of each fiscal year.

34 (b) Except as provided in paragraph 2 **OF THIS SUBSECTION**, if the total  
35 amount to be paid to all districts in the county under this paragraph exceeds  
36 the amount to be raised by the levy of ten cents per one hundred dollars  
37 assessed valuation, ~~then~~ the county treasurer shall pay an amount less than  
38 twenty per cent of the property tax levy of each district. The amount to be  
39 paid by the county treasurer to each district shall be determined by  
40 multiplying the proceeds of the county fire district assistance tax against  
41 the proportion that twenty per cent of the property tax levy of each district  
42 bears to the total of twenty per cent of the property tax levies of all fire  
43 districts in the county.

44 2. For fiscal years beginning from and after July 1, 1992, the amount  
45 of assistance from the county to a fire district shall not be less than the

1 assistance provided from and after June 30, 1991 through June 30, 1992, if,  
 2 for the fiscal year in which the tax will be levied, the district levies a  
 3 tax, in addition to any tax levied under section 48-806, of three dollars per  
 4 one hundred dollars of assessed valuation and the assessed valuation is at  
 5 least ninety per cent of the assessed valuation for the 1991 tax year. This  
 6 paragraph does not apply to fire districts subject to paragraph 1,  
 7 subdivision (a) OF THIS SUBSECTION.

8 B. For the purpose of subsection A of this section, the property tax  
 9 levy of the fire district shall include in lieu contributions pursuant to  
 10 chapter 1, article 8 of this title but shall not include property tax levies  
 11 to be applied to the payment of principal and interest on bonds issued  
 12 pursuant to section 48-806.

13 C. Notwithstanding subsection A of this section, if two or more fire  
 14 districts merge to form a consolidated district, the last amount received by  
 15 each fire district from the fire district assistance tax prior to the merger  
 16 shall be combined, and if the combined amount exceeds three hundred thousand  
 17 dollars, the consolidated district may continue to receive that amount from  
 18 the fire district assistance tax.

19 D. If two or more fire districts merge to form a consolidated district  
 20 and the total of the amounts received by each fire district from the fire  
 21 district assistance tax is less than three hundred thousand dollars, the  
 22 consolidated district may continue to receive monies until its receipts total  
 23 three hundred thousand dollars, as prescribed in subsection A of this  
 24 section.

25 E. Not more than ten days after the perfection of the organization of  
 26 a fire district, and thereafter not later than August 1 of each year, the  
 27 chief and the secretary-treasurer of the district, or if there is a district  
 28 board, the chairman of the board, shall submit to the board of supervisors an  
 29 estimate, certified by items, of the amount of money required for the  
 30 equipment and maintenance of the district for the ensuing year.

31 F. The board, based on the budget submitted by the district, shall  
 32 levy, in addition to any tax levied as provided in section 48-806 AND SUBJECT  
 33 TO THE LIMITATION PRESCRIBED BY SUBSECTION G OF THIS SECTION, a tax not to  
 34 exceed three dollars twenty-five cents per one hundred dollars of assessed  
 35 valuation against all property situated within the district boundaries and  
 36 appearing on the last assessment roll. The levy shall be made and the taxes  
 37 collected in the manner, at the time and by the officers provided by law for  
 38 the collection of general county taxes.

39 G. THE AMOUNT OF THE LEVY UNDER SUBSECTION F OF THIS SECTION SHALL BE  
 40 THE GREATER OF THE AMOUNT OF THE LEVY IN THE PRECEDING TAX YEAR MULTIPLIED BY  
 41 1.05 OR AN AGGREGATE AMOUNT COMPUTED AS FOLLOWS FOR TAX YEAR 2009 AND EACH  
 42 TAX YEAR THEREAFTER:

43 1. DETERMINE THE MAXIMUM ALLOWABLE LEVY FOR THE DISTRICT FOR THE  
 44 PRECEDING TAX YEAR.

45 2. MULTIPLY THAT AMOUNT BY 1.02.

1           3. DETERMINE THE ASSESSED VALUE FOR THE CURRENT TAX YEAR OF ALL  
2 PROPERTY IN THE DISTRICT THAT WAS SUBJECT TO TAX IN THE PRECEDING TAX YEAR.

3           4. DIVIDE THE DOLLAR AMOUNT DETERMINED IN PARAGRAPH 3 OF THIS  
4 SUBSECTION BY ONE HUNDRED AND DIVIDE THE DOLLAR AMOUNT DETERMINED IN  
5 PARAGRAPH 2 OF THIS SUBSECTION BY THE RESULTING QUOTIENT. THE RESULT,  
6 ROUNDED TO FOUR DECIMAL PLACES, IS THE MAXIMUM ALLOWABLE TAX RATE FOR THE  
7 DISTRICT.

8           5. DETERMINE THE FINALLY EQUALIZED VALUATION OF ALL PROPERTY, LESS  
9 EXEMPTIONS, APPEARING THE TAX ROLL FOR THE CURRENT TAX YEAR, INCLUDING AN  
10 ESTIMATE OF THE PERSONAL PROPERTY TAX ROLL DETERMINED PURSUANT TO SECTION  
11 42-17053.

12           6. DIVIDE THE DOLLAR AMOUNT DETERMINED IN PARAGRAPH 5 OF THIS  
13 SUBSECTION BY ONE HUNDRED AND THEN MULTIPLY THE RESULTING QUOTIENT BY THE  
14 RATE DETERMINED IN PARAGRAPH 4 OF THIS SUBSECTION.

15           7. THE ALLOWABLE LEVY OF SECONDARY PROPERTY TAX FOR THE CURRENT TAX  
16 YEAR FOR ALL FIRE DISTRICTS IS THE MAXIMUM ALLOWABLE SECONDARY PROPERTY TAX  
17 LEVY MINUS ANY AMOUNTS REQUIRED TO REDUCE THE LEVY PURSUANT TO SUBSECTION I  
18 OF THIS SECTION.

19           H. IF THE DISTRICT ANNEXES ADDITIONAL TERRITORY, THE LIMIT UNDER  
20 SUBSECTION G OF THIS SECTION SHALL BE ADJUSTED BY APPLYING THE DISTRICT'S TAX  
21 RATE TO THE ASSESSED VALUATION OF THE ANNEXED PROPERTY IN THE PRECEDING TAX  
22 YEAR. IF DISTRICTS ARE MERGED OR CONSOLIDATED UNDER THIS CHAPTER, THE  
23 LIMITATION UNDER THIS SUBSECTION IN THE FIRST YEAR AFTER THE DISTRICTS ARE  
24 MERGED OR CONSOLIDATED IS THE TOTAL OF THE LEVIES OF THE MERGED OR  
25 CONSOLIDATED DISTRICTS IN THE PRECEDING TAX YEAR MULTIPLIED BY 1.05 OR THE  
26 AMOUNT OF THE LEVIES ALLOWED BY THE MAXIMUM RATE PRESCRIBED BY SUBSECTION F  
27 OF THIS SECTION, WHICHEVER IS LESS.

28           I. THE DISTRICT SHALL MAINTAIN ANY PROPERTY TAX REVENUES COLLECTED IN  
29 EXCESS OF THE SUM OF THE AMOUNTS OF TAXES COLLECTIBLE PURSUANT TO SECTION  
30 42-17054 AND THE ALLOWABLE LEVY DETERMINED UNDER SUBSECTION G OF THIS SECTION  
31 IN A SEPARATE FUND AND USED TO REDUCE THE PROPERTY TAX LEVY IN THE FOLLOWING  
32 TAX YEAR. TAX REVENUES THAT ARE ATTRIBUTABLE TO THE PAYMENT OF DELINQUENT  
33 TAXES THAT WERE PROPERLY ASSESSED IN PRIOR YEARS SHALL NOT BE APPLIED TO  
34 REDUCE THE LEVY IN THE FOLLOWING YEAR.

35           J. THE LEVY LIMIT UNDER THIS SECTION IS CONSIDERED TO BE INCREASED  
36 EACH YEAR TO THE MAXIMUM LIMIT PERMISSIBLE UNDER SUBSECTION G OF THIS SECTION  
37 REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES TAXES UP TO THE MAXIMUM  
38 PERMISSIBLE AMOUNT IN THAT YEAR.

39           ~~G.~~ K. The county treasurer shall keep the money received from taxes  
40 levied pursuant to subsection F of this section in a separate fund known as  
41 the "fire district fund" of the district for which collected. Any surplus  
42 remaining in the fund at the end of the fiscal year shall be credited to the  
43 fire district fund of the district for which collected for the succeeding  
44 fiscal year.

~~H.~~ L. When a fire district has adopted a budget and the board of supervisors has levied a fire district tax as provided in subsection F of this section and the district has insufficient money in its fund with the county treasurer to operate the district, the elected chief and the secretary-treasurer, or if there is a district board, the chairman of the board, on or after August 1 of each year, may draw warrants for the purposes prescribed in section 48-805 on the county treasurer, payable on November 1 of that year or on April 1 of the succeeding year. The aggregate amounts of the warrants may not exceed ninety per cent of the taxes levied by the county for the district's current fiscal year. If the treasurer cannot pay a warrant for lack of funds in the fire district fund, the warrant shall be endorsed, be registered, bear interest and be redeemed as provided by law for county warrants, except that the warrants are payable only from the fire district fund.

Sec. 20. Title 48, chapter 5, article 1, Arizona Revised Statutes, is amended by adding section 48-808, to read:

48-808. Fire district secondary property tax override

A. THE DISTRICT BOARD OR THE ELECTED CHIEF AND SECRETARY-TREASURER MAY ORDER AN ELECTION BY THE QUALIFIED ELECTORS OF THE DISTRICT TO AUTHORIZE A SECONDARY PROPERTY TAX LEVY THAT EXCEEDS THE LIMITATIONS ON SECONDARY PROPERTY TAXATION OTHERWISE PRESCRIBED BY SECTION 48-807, SUBSECTION G. IF THE DISTRICT IS GOVERNED BY A BOARD OF DIRECTORS, THE BOARD MUST ADOPT A RESOLUTION, BY MAJORITY VOTE OF THE BOARD MEMBERS, TO ORDER THE ELECTION UNDER THIS SECTION. THE AUTHORIZATION OF ADDITIONAL SECONDARY PROPERTY TAXES UNDER THIS SECTION IS SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

1. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

2. THE RATE OF TAXATION UNDER THIS SECTION, PLUS THE RATE OF TAXATION UNDER SECTION 48-807, SHALL NOT EXCEED THE MAXIMUM ALLOWABLE RATE PRESCRIBED BY SECTION 48-807, SUBSECTION F.

B. THE CALL OF THE ELECTION MUST STATE:

1. THE PURPOSE FOR REQUESTING ADDITIONAL SECONDARY PROPERTY TAX REVENUE FOR THE DISTRICT.

2. IF THE VOTERS APPROVE THE LEVY:

(a) THE MAXIMUM DOLLAR AMOUNT OF SECONDARY PROPERTY TAX THAT MAY BE COLLECTED IN THE FIRST YEAR COMPARED TO THE EXISTING MAXIMUM SECONDARY PROPERTY TAX LEVY PRESCRIBED IN SECTION 48-807, SUBSECTION G.

(b) THE ESTIMATED SECONDARY PROPERTY TAX RATE TO FUND THE PROPOSED LEVY UNDER SUBDIVISION (a) IN THE FIRST TAX YEAR COMPARED TO THE SECONDARY PROPERTY TAX RATE LEVIED IN THE PREVIOUS YEAR.

1           Sec. 21. Section 48-1104, Arizona Revised Statutes, is amended to  
2 read:

3           48-1104. Financial statement; levy and collection of taxes;  
4                           limitation

5           A. On or before July 1 each year the board of directors shall prepare  
6 a full and complete statement of the financial affairs of the district for  
7 the preceding fiscal year and an estimate of the amount of money necessary to  
8 be raised to defray district expenses during the next fiscal year. The  
9 estimate shall be fully itemized and take into account any deficit or surplus  
10 from the preceding fiscal year.

11          B. The board shall certify the estimate, and at the time county taxes  
12 are levied the board of supervisors shall levy a tax sufficient to raise the  
13 amount of the estimate NOT TO EXCEED THE LIMITATION AS PRESCRIBED BY  
14 SUBSECTION C OF THIS SECTION. The taxes shall be assessed, levied and  
15 collected in the same manner as county taxes.

16          C. BEGINNING IN TAX YEAR 2009, THE MAXIMUM AMOUNT OF A LEVY UNDER  
17 SUBSECTION B OF THIS SECTION SHALL NOT EXCEED THE AMOUNT OF THE LEVY IN THE  
18 PRECEDING TAX YEAR, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF  
19 CHANGE IN THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR  
20 THE COUNTY IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION  
21 42-17051. THE LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED EACH YEAR  
22 TO THE MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY  
23 LEVIES THAT AMOUNT.

24           Sec. 22. Section 48-3620, Arizona Revised Statutes, is amended to  
25 read:

26           48-3620. Annual certification and levy of taxes; limitation

27          A. ~~The district shall annually, not less than~~ AT LEAST fifteen days  
28 before the first day of the month in which the county board of supervisors is  
29 required by law to levy county taxes, THE DISTRICT SHALL certify to the board  
30 of supervisors:

31           1. The amount of taxes to be levied in each year on the taxable real  
32 property in the district as it considers necessary or appropriate to pay the  
33 expenses of administering the district and maintaining and operating the  
34 district's flood control system, to carry out its regulatory functions and to  
35 carry out any of the objects and purposes of this article of common benefit  
36 to the district. The maintenance and operation tax proceeds not used for  
37 current expenses of maintenance and operation ~~may~~ either MAY be paid into a  
38 reserve to be accumulated for such purpose or may be used for extending,  
39 improving and constructing the flood control system, including acquiring  
40 rights-of-way.

41           2. The amount of taxes to be levied in each year on all taxable real  
42 property in each zone or in any of the zones into which the district has been  
43 divided, according to the benefits derived or to be derived by the respective  
44 zones, to pay the cost and expenses of carrying out any of the objects or  
45 purposes of this article of special benefit to the respective zones,



1 including acquiring, constructing, maintaining, operating, extending,  
2 repairing or otherwise improving any or all flood control works or  
3 improvements in the respective zones and including acquiring rights-of-way.  
4 No revenues derived from any of the several zones from the taxes levied under  
5 this section may be expended for acquiring, constructing, maintaining,  
6 operating, extending, repairing or otherwise improving any works or  
7 improvements located in any other zone, except under section 48-3620.01.

8 3. The amount of secondary property taxes necessary to be levied to  
9 pay the principal and interest falling due during the ensuing year on, or to  
10 provide a sinking fund for, any bonds issued pursuant to section 48-3619.

11 B. The taxes collected pursuant to this section shall be paid to the  
12 district treasurer and used solely for the purpose for which they were  
13 levied.

14 C. The board of supervisors at the time of levying general county  
15 taxes shall levy and cause to be collected in the manner prescribed by law  
16 for county taxes a property tax or taxes on the taxable real property in the  
17 district, zone or zones sufficient to provide the amounts set forth in  
18 subsection A of this section.

19 D. If the district fails to certify to the board of supervisors any of  
20 the amounts of taxes necessary to be levied as required by this section, the  
21 board of supervisors shall ascertain the amount which should have been  
22 certified and shall levy the tax sufficient to produce such amount.

23 E. If a district is located in a county having a population of less  
24 than six hundred thousand persons according to the most recent United States  
25 decennial census, beginning with the 1993 tax year, the aggregate taxes  
26 levied in any year under this article by the district for the purposes listed  
27 in subsection A, paragraph 1 of this section shall not exceed twenty per cent  
28 of the county primary property tax rate ~~exclusive of the state equalization~~  
29 ~~assistance property tax rate~~ or fifty cents per one hundred dollars of  
30 assessed valuation, whichever is greater. The aggregate taxes levied for any  
31 year under this article on property in a zone for the purposes listed in  
32 subsection A, paragraph 2 of this section in a district located in a county  
33 having a population of less than six hundred thousand persons according to  
34 the most recent United States decennial census, if added to the aggregate  
35 taxes, if any, levied for the purposes listed in subsection A, paragraph 1 of  
36 this section, shall not exceed twenty per cent of the county primary property  
37 tax rate ~~exclusive of the state equalization assistance property tax rate~~ or  
38 fifty cents per one hundred dollars of assessed valuation, whichever is  
39 greater. The taxes levied under this article in a district located in a  
40 county having a population of less than six hundred thousand persons  
41 according to the most recent United States decennial census may exceed the  
42 limits prescribed by this subsection if approved by a majority of the  
43 qualified electors of the district voting in a regular general election held  
44 pursuant to title 16, chapter 2, article 2 or at a special election held  
45 pursuant to title 16, chapter 2, article 3. The ballot for the election



1 shall specifically state the proposed rate and the fiscal year or years in  
2 which the excess tax levies are proposed to be assessed.

3 Sec. 23. Section 48-3903, Arizona Revised Statutes, is amended to  
4 read:

5 48-3903. Tax levies: limitation

6 A. The board of directors, after a county free library is established,  
7 ~~shall~~ MAY annually levy in the same manner and at the same time as other  
8 county secondary property taxes are levied a county free library district tax  
9 sufficient to establish the district and to ~~insure~~ ENSURE the payment of  
10 salaries, maintenance and upkeep and other necessary expenses of the county  
11 free library district.

12 B. The tax shall be levied and collected upon all property in the  
13 county and upon all property within incorporated cities and towns in the  
14 county.

15 C. BEGINNING IN TAX YEAR 2009, THE MAXIMUM AMOUNT OF A LEVY UNDER THIS  
16 SECTION SHALL NOT EXCEED THE AMOUNT OF THE LEVY IN THE PRECEDING TAX YEAR,  
17 ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY  
18 LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH  
19 THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE  
20 LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED EACH YEAR TO THE MAXIMUM  
21 PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES THAT  
22 AMOUNT. FOR A DISTRICT THAT IS ESTABLISHED FROM AND AFTER DECEMBER 31, 2008,  
23 THE LIMIT SHALL BE BASED ON THE INITIAL LEVY OF THE DISTRICT AS APPROVED BY  
24 THE BOARD OF DIRECTORS PURSUANT TO THIS SECTION.

25 Sec. 24. Section 48-4023, Arizona Revised Statutes, is amended to  
26 read:

27 48-4023. Property tax levy: limitation

28 A. If a majority of the qualified electors voting at an election held  
29 pursuant to section 48-4021 ~~approves~~ APPROVE a county jail district ad  
30 valorem property tax, on or before the third Monday in August each year the  
31 district shall certify to the county board of supervisors the amount of taxes  
32 to be levied for the taxable year on the taxable property in the district  
33 which, together with unexpended balances carried forward from the previous  
34 fiscal year and revenues from all other sources, is necessary to pay the  
35 maintenance and operation expenses of the district in carrying out the  
36 objects and purposes of this chapter.

37 B. The board of supervisors shall levy a secondary property tax on the  
38 taxable property in the district, at the same time and in the same manner as  
39 county taxes are levied, sufficient to provide the amount certified under  
40 subsection A of this section, but the tax ~~rate~~ is limited to, and shall not  
41 exceed in any event, THE LESSER OF:

42 1. Twenty cents per one hundred dollars of assessed valuation, except  
43 as provided in subsection ~~D~~ E of this section.

2. BEGINNING IN TAX YEAR 2009, THE AMOUNT OF THE LEVY IN THE PRECEDING TAX YEAR, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES THAT AMOUNT. FOR A DISTRICT THAT IS ESTABLISHED FROM AND AFTER DECEMBER 31, 2008, THE LIMIT SHALL BE BASED ON THE INITIAL LEVY OF THE DISTRICT AS APPROVED BY THE QUALIFIED ELECTORS PURSUANT TO SECTION 48-4021.

C. The tax revenues collected pursuant to this section shall be paid to the district treasurer and deposited in the county jail district general fund and used solely for the purposes for which they were collected.

~~C.~~ D. The tax shall be levied on all of the taxable property in the district.

~~D.~~ E. Notwithstanding subsection B of this section, for tax years 2006, 2007 and 2008, the district may certify and the board of supervisors shall levy a secondary property tax on the taxable property in the district in an amount equal to the amount levied in tax year 2005.

Sec. 25. Section 48-4023.01, Arizona Revised Statutes, is amended to read:

48-4023.01. Property tax levy for juvenile detention facilities; limitation

A. If a majority of the qualified electors voting at an election held pursuant to section 48-4021 ~~approves~~ APPROVE an ad valorem property tax for the district that includes juvenile detention facilities or if a majority of the qualified electors voting at an election held pursuant to section 48-4004 ~~approves~~ APPROVE the inclusion of juvenile detention facilities in a district that was created by an election held pursuant to section 48-4021, the district may impose an ad valorem property tax pursuant to this section. The district shall certify to the county board of supervisors on or before the third Monday in August of each year the amount of taxes to be levied in addition to the levy in section 48-4023 for the taxable year on the taxable property in the district. The amount certified together with unexpended balances carried forward from the previous fiscal year and revenues from all other sources shall be the amount necessary to pay the maintenance and operation expenses of the district in carrying out this chapter in relation to juvenile detention facilities.

B. The board of supervisors may levy a secondary property tax on the taxable property in the district at the same time and in the same manner as county taxes are levied in an amount that is sufficient to provide the amount certified pursuant to subsection A of this section. The tax ~~rate~~ is limited to THE LESSER OF:

1           1. Ten cents per one hundred dollars of assessed valuation, except as  
2 provided in subsection ~~D~~ E of this section.

3           2. BEGINNING IN TAX YEAR 2009, THE AMOUNT OF THE LEVY IN THE PRECEDING  
4 TAX YEAR, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN  
5 THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY  
6 IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051.  
7 THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE  
8 MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES  
9 THAT AMOUNT. FOR A DISTRICT THAT IS ESTABLISHED FROM AND AFTER DECEMBER 31,  
10 2008, THE LIMIT SHALL BE BASED ON THE INITIAL LEVY OF THE DISTRICT AS  
11 APPROVED BY THE QUALIFIED ELECTORS PURSUANT TO SECTION 48-4021.

12           C. The tax revenues collected pursuant to this section shall be paid  
13 to the district treasurer for deposit in the county jail district general  
14 fund and shall be used solely for juvenile detention facilities.

15           ~~C~~ D. The tax shall be levied on all of the taxable property in the  
16 district.

17           ~~D~~ E. Notwithstanding subsection B of this section, for tax years  
18 2006, 2007 and 2008, the district may certify and the board of supervisors  
19 shall levy a secondary property tax on the taxable property in the district  
20 in an amount equal to the amount levied in tax year 2005.

21           Sec. 26. Section 48-5805, Arizona Revised Statutes, is amended to  
22 read:

23           48-5805. Transaction privilege tax; property tax; limitation

24           A. The board of directors of the district by resolution may levy, and  
25 if levied, the department of revenue shall collect, a transaction privilege  
26 tax pursuant to this section to be used and spent for the purposes described  
27 in section 48-5804. The board shall set the rate of the tax at not more than  
28 two per cent of the tax rate that applies to each business in the district  
29 that is subject to taxation under title 42, chapter 5, article 1. The board  
30 shall levy the tax on each person engaging in the district in a business  
31 taxed under title 42, chapter 5, article 1.

32           B. Each month the state treasurer shall remit to the district  
33 treasurer the net revenues collected under subsection A of this section  
34 during the second preceding month. The district treasurer shall deposit the  
35 monies in the public health services district's accounts and shall account  
36 for all expenditures.

37           C. In lieu of a transaction privilege tax pursuant to subsection A of  
38 this section, the board by resolution may levy in the same manner and at the  
39 same time as other county secondary property taxes are levied a public health  
40 services district tax. The tax shall not exceed THE LESSER OF:

41           1. Twenty-five cents per one hundred dollars of assessed valuation and  
42 shall be levied on all property in the county and on all property within  
43 incorporated cities and towns in the county.

1           2. BEGINNING IN TAX YEAR 2009, THE AMOUNT OF THE LEVY IN THE PRECEDING  
2 TAX YEAR, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN  
3 THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY  
4 IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051.  
5 THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE  
6 MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES  
7 THAT AMOUNT. FOR A DISTRICT THAT IS ESTABLISHED FROM AND AFTER DECEMBER 31,  
8 2008, THE LIMIT SHALL BE BASED ON THE INITIAL LEVY OF THE DISTRICT PURSUANT  
9 TO SECTION 48-5802, SUBSECTION B.

10           D. The district shall deposit all monies collected pursuant to this  
11 subsection in a separate account and shall account for all expenditures.